

Supply Chain Strategy 2018-2023



Plymouth Community Homes is a leading, growing, independent housing association with a clear social purpose, providing homes and services people want and can afford.

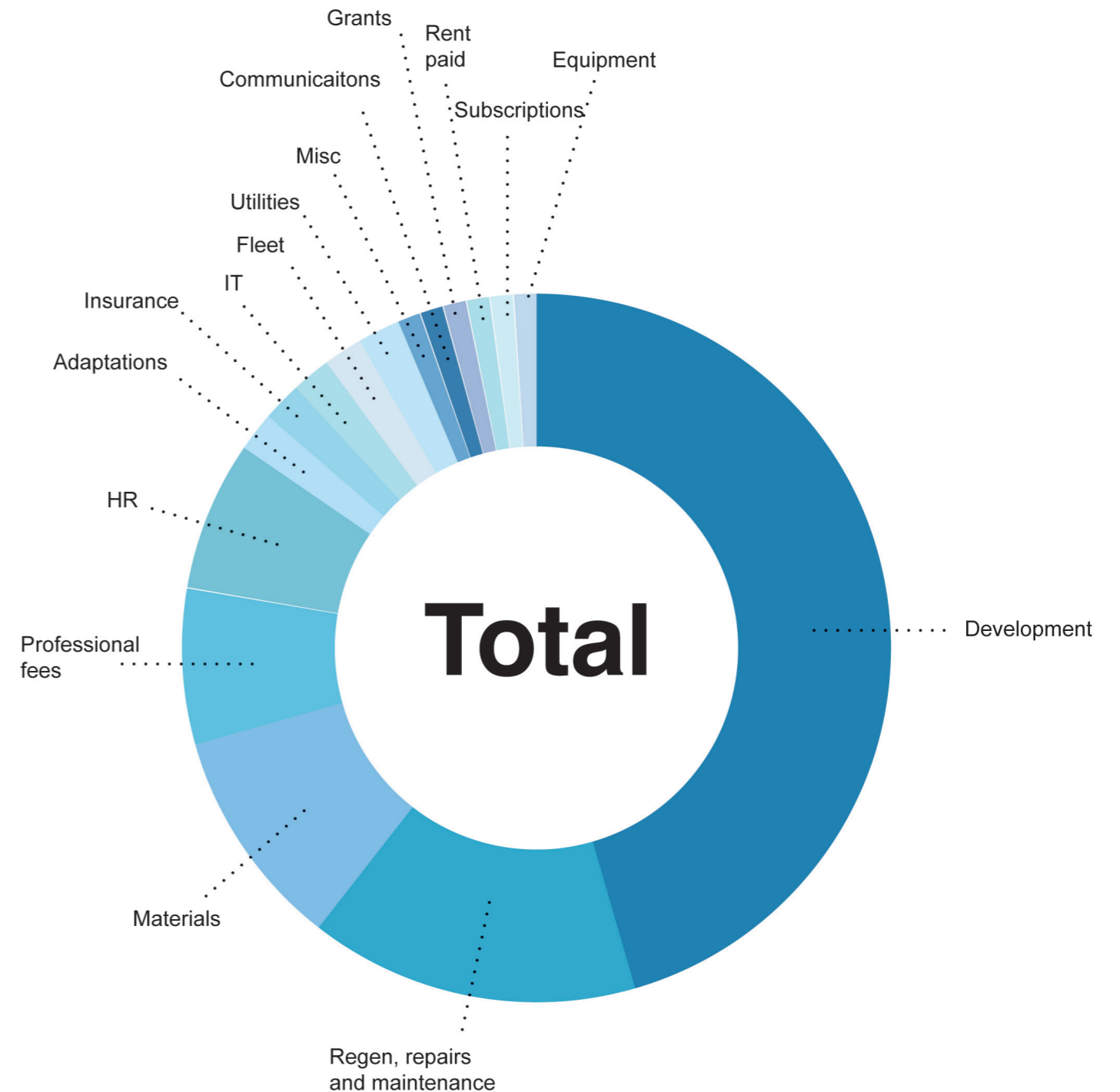
Plymouth Community Homes improves lives by providing affordable homes, great services and supporting communities.

Our strategic business plan focuses on improving lives and communities, looking after our homes, building new homes in Plymouth and beyond and growing our business.

In dealing with our contractors and suppliers, PCH Supply Chain has the means and methods to deliver for our people (customers and staff), achieve maximum value for our pounds and develop and look after the places we operate in. To achieve these objectives PCH supply chain teams are focusing on generating Value, improving Efficiency and unlocking the benefits of Innovation.



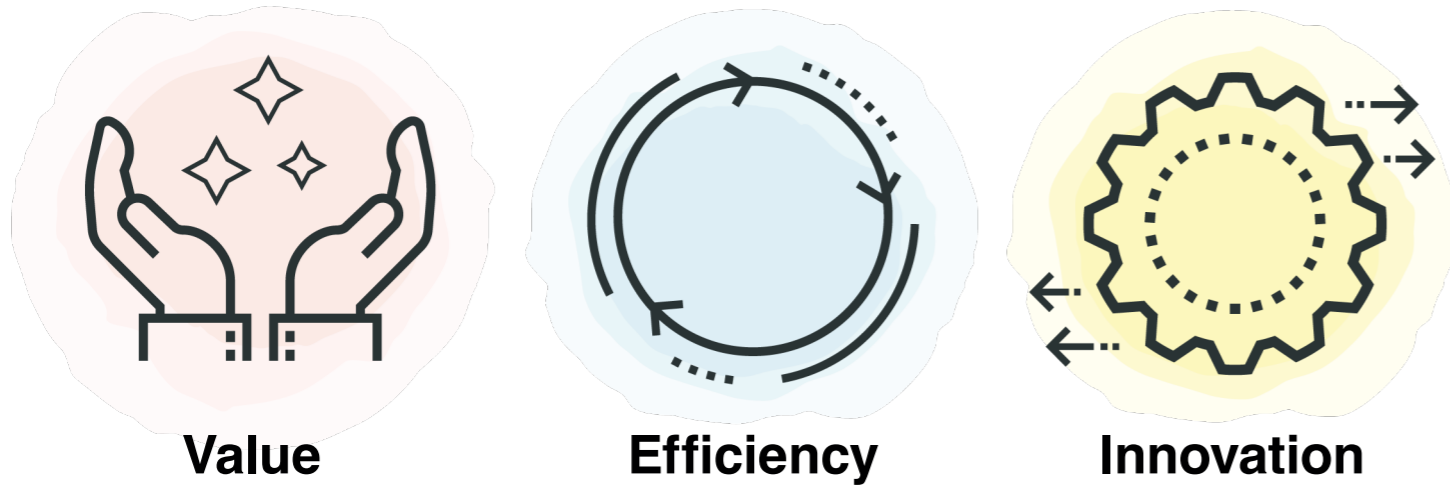
PCH spent nearly £ 64M in 2017/18 on goods and services. Using a category analysis for all spend over £100k, the diagram below illustrates the breakdown. The majority of this spend constitutes investment into creating new homes people want to live in, improving our current housing and supporting communities in Plymouth.



Our Supply Chain strategy is designed to extract safeguard, and generate value from all our contracts and transactions, to evidence clearly how we benefit our customer and to trade ethically and respectfully. Therefore staying true to our values to:

- Care
- Respect
- Listen
- Do the right thing

Supply Chain Outcomes – What we will deliver



Value is key to all our transactions with suppliers and contractors. We spend a significant amount with third parties p.a. and we will focus on:

- a) Retaining the value achieved through our sourcing processes (tender/ quote)
- b) Improving the value of our contracts – as synergies become evident and new ways of working can be explored
- c) Negotiating contract value and added value when engaging with our supply base
- d) Collecting on the social value commitments made by our supply base
- e) Generating value that our customer recognise easily
- f) Manage the relationship between risk and opportunity cost and deliver value in line with an informed view on risk.

In particular on social value whether through the development of employment and skills, direct financial or in kind contributions or by working with social enterprises, Supply Chain will continue to actively encourage social value creation throughout the sourcing processes.

We will increase the competition around social value provision and link it to general supplier recognition and therefore deliver more consistent contract and social value generated from the whole supply chain.



Supply chain efficiency does not only touch procurement or stores processes but most organisational transactions. We will focus a lean approach on :

- a) Requisition to Pay processes – making procurement faster, cheaper and more secure through the increasing use of pre-negotiated catalogues, consolidated billing, e-procurement, forecast management, supplier generated efficiency, limit of liability orders and automated contracts
- b) Sourcing process – increasing access to quality assured sourcing tools to take out the time spend “searching”
- c) Stock-holding through a continuous evaluation of our stockholding and buying approaches – stock levels, stock models and optimisation
- d) Logistics and stores synergies – we will continue to look for benefits derived from synergies between our stores operations and our fleet.
- e) Sub-contractor service delivery – through revision of our subcontractor processes. This will also be subject to regular contract management processes



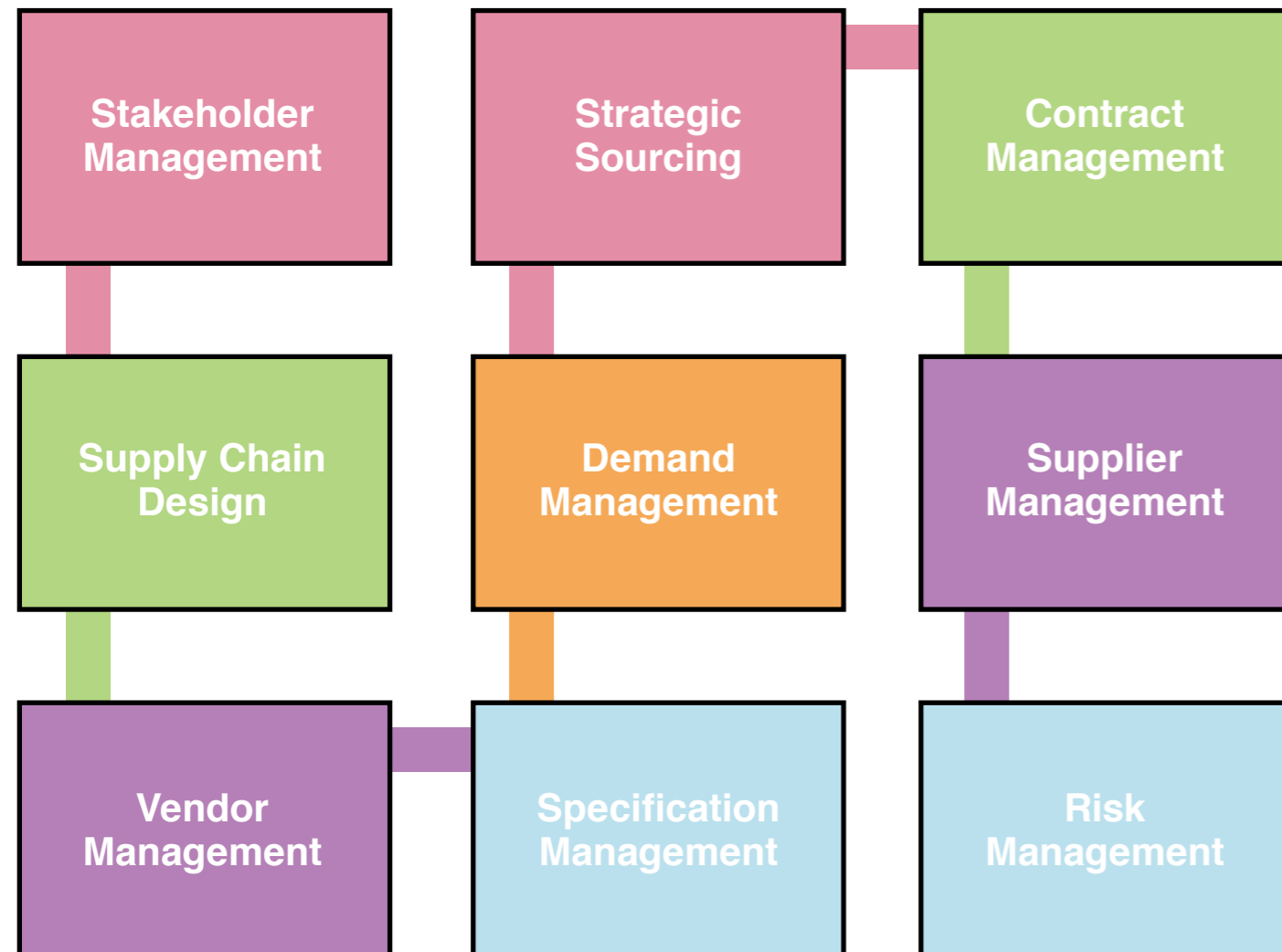
Innovation has been defined as the commercial exploitation of Research and Development and from a Supply Chain perspective, a good idea becomes an innovation when it can be utilised for the organisation’s benefit.

Our greatest source of innovation is our supply base encompassing 1000s of minds and significant resources. Win-win contract improvements are often a driver of innovative solutions.

However, innovation is not simply process improvement – real innovative solutions are game changers and in the Supply Chain world, developments such as block chain for contracts, AI for sourcing and predictive analysis for risk management have the potential to fundamentally change the way we transact.

We will actively seek out information on potential innovations and objectively assess business benefit. Following this we will trial new technologies in a safe environment and consult on any major change.

Supply Chain Actions – How we will deliver



Developing the right engagements – Stakeholder management

Engaging with our stakeholders inside and outside the organisation is a key priority for Supply Chain in order to understand and meet requirements.

In addition we will ensure that PCH’s voice is strong in the local and national Supply Chain communities, so we can learn, benchmark and benefit from aggregation of demand.

We increasingly focus on more customer involvement in the Supply Chain processes through our Spend and Saves group for residents and will continue to grow this area of stakeholder



Measurable Outcomes: Better, more tailored products and services for all our stakeholders. Greater transparency of spend and purpose.

Developing the right vendor base – Supply Chain Design, Vendor Management

The nearly 700 suppliers and contractors we trade with regularly have grown over the years and we need to assess whether our vendor base meets our current and future needs.

We will design our vendor base proactively to support our ambitions rather than simply reacting to demand. This way we can select the right suppliers and contractors.

Given our commitment to localism, PCH needs to strike a clear balance between making it easy to trade with us to encourage SMEs and local suppliers and providing supplier due diligence, performance and quality. We will increasingly automate our vendor approval and maintenance systems to help in this process.

PCH want to manage our supply base effectively. To do this we will review and segment our supply base and manage suppliers based on their importance to us.



Measurable Outcomes: Easily accessible supplier registration process and systems, clear supplier selection and choice, organisational commitment to our supply base.

Developing the right requirements – Specification and Demand Management

The way we specify our requirements influences the choices available to us. In order to stimulate competition, innovation and flexibility PCH will increasingly utilise performance specifications, describing outputs rather than inputs.

In specifying products we will implement standardisation to allow for easier maintenance throughout .

Supply Chain will act as Demand managers, challenging requirements and advising on process changes which help reduce demand and save money.

PCH is becoming what is generally referred to as an “intelligent client” – the more we know about the product / service we procure, the better we are able to buy it well.



Measurable Outcomes: More compatible specifications leading to better pricing , better products and services. Conscious assessment of the need for every procurement, reducing unnecessary spend.

Developing best routes to market – Strategic Sourcing

The Procurement Regulations 2015 apply to PCH procurement, so how we procure our major spend items is governed by law. The challenge for PCH Supply Chain is to ensure the best commercial deal for us within the confines of the regulations.

PCH will increasingly assess whether a product/service is better procured externally or made internally. Formal Make / Buy evaluations will help determine Value for Money.

Sourcing optimisation – PCH already use electronic sourcing tools (Procontract, Applegate) and we will make access to quality checked sourcing tools more readily available to the end users, thus cutting sourcing time. We will in time aim to automate much of the sourcing process.

For the majority of repeatable spend product and service catalogues will be made available to end users with defined ranges, prices and terms. These will form the basis for electronic contracting trials to be carried out within the next 3 years.

Cost Evaluation - procurement and supply chain teams use product and market knowledge as well as financial models (such as whole life costing, swing volume costing, should costing) to determine how much we should pay. Supply Chain teams will continue to collaborate with all PCH teams to ensure that product and market knowledge is transferred and used.

Negotiation skills – having the knowledge is one part of the equation, using it effectively is the other. By strengthening PCH’s ability to negotiate on goods and services wherever possible and allowed under Procurement Regulations, we make sure that the pounds stay in our pockets to be re-invested into housing projects.

Category Management – Understanding that most of our procurement is not stand alone and isolated but can be grouped into larger categories which then attract better prices and conditions are an important part of our strategy.



Measurable Outcomes: more commercial and competitive procurement , reduction in transaction, better services and goods, more value for PCH.

Developing value assured contracts – Contract management

Focusing on the initial procurement many organisations forget about the ongoing need to manage contracts and those contracts fail to deliver the value they promised to.

Focusing on contract management training, tools , templates and key performance indicator tracking, procurement will ensure that contract managers in PCH know how to manage their contracts to extract maximum value.

We will also work with suppliers on developing “beyond contract” value, synergies, innovations and other measures which translate into real, measureable benefits for PCH.



Measurable Outcomes: Better cost, quality and service control, more value for PCH, transparent contracts suitable for automation.

Developing capable suppliers - Supplier Management

We expect our suppliers to measure their own performance and to report on it through management information, so we can see improvement opportunities early and address any drop

in service. We will use professional supplier performance and vendor management tools to ensure that all our supplier interactions are managed and generate value.

Supplier development – as we engage more with the local and innovation markets we may find that suppliers can benefit from our business and service delivery experience. In return we “grow” local suppliers, intensify beneficial relationships leading to cost reductions and encourage innovation.



Measurable Outcomes: Better more capable and more consistent suppliers.

Developing capable suppliers - Risk Management

PCH are faced with a multitude of risks in the supply chain, whether, health and safety, financial, delivery, quality, legal, ethical, technical or environmental. These risks reside within PCH, its suppliers and their respective supply chains. There are different types of Supply Chain risks, some commodities such as utilities expose the organisation to a market risk whereas others such as construction carry health and safety risks and electronics are often subject to counterfeit.

Based on the supplier segmentation Supply Chain will develop and integrate a risk management approach for PCH , taking account of the supply chain risks and devising mitigations to protect

PCH’s customers, staff and the organisation as a whole.

On the other side of risk resides opportunity and Supply Chain staff will also highlight the potential development and supply chain benefits available to PCH at a given risk appetite. These might include development and innovation partnerships with suppliers, technological trading developments such as blockchain or category strategies such as flexible utilities procurement.



Measurable Outcomes: More sustainable, less risky supply chains. More benefits from acceptance of known risks.

Given that the supply chain organisation within PCH is decentralised, the above actions are aimed at increasing capability throughout the organisation.

As technology, markets, tools and standards move continuously, the need to upskill staff across PCH involved in supply chain activities is evident – especially against the challenges of market uncertainty (e.g. Brexit) and increasing supply chain complexity.

PCH supply chain will develop a talent management and succession plan to protect the organisation from the risks of knowledge drain and obsolescence.

How do we measure success

The strategy provides us with a destination over the next five years, what we need is a roadmap and a way to determine when we have arrived.

Annual Service Plans and Action Plans underpin this strategy and are subject to regular review and monitoring. These will be measured using a suite of organisational and departmental performance indicators and reports will allow us to judge the effectiveness of our work.

The strategy – derived from our strategic business plan – is the golden thread through everything we do.

Supply Chain Strategy 5 year action plan

	0-18 months	18-36 months	36-60 months
Stakeholder Management	Spend and Saves residents Group set up and works with PCH in tender processes	Establish residents' Supply Chain governance board involved in determining Supply Chain strategy and running Supply Chain processes	Ongoing work with residents' Supply Chain governance board
	Collaborate across the City with other third and public sector organisations	Collaborate across the City with other third and public sector organisations	Collaborate across the City with other third and public sector organisations
	Work with Buying Clubs and framework providers to increase local provision	Investigate the possibility of a Plymouth based buying organisation open local SMEs and public sector, funded through retrospective rebates	Set up and run a Plymouth based buying organisation open local SMEs and public sector, funded through retrospective rebates
	Increase feedback opportunities for residents on contractors. Look at Voice of the customer exercise (Lean)	Electronic integrated feedback (feedback app) development accessed directly or through communication systems managed by our contractors	All services have a quality feedback built in – data used in contract management and re-letting of contracts
	Increase feedback opportunities for suppliers and contractors following tender processes	Integrate feedback into tendering/ sourcing processes and use feedback to optimise the processes	Use optimised processes with automatic ongoing feedback provision
	Increase organisational feedback opportunities for Supply Chain services provided	VOC integrated into internal feedback	retrospective rebates
	Regularly report Supply Chain performance and plans to appropriate organisational committees	Regularly report Supply Chain performance and plans to appropriate organisational committees – between reports dashboards and departmental screens/ apps available	Ongoing performance feed for key stakeholders and interested parties
Supply Chain Design	Segment the supply base and tailor it to our needs	Focus on tail spend and maximising value on preferred suppliers	Optimum balance between aggregation and localism achieved
	Use segmentation as a basis for supplier management		
	Map the tiered supply chain for high risk and high spend suppliers	Clearly understand the tiered supply chain ethical standards and performance and integrate into risk and opportunity management	Live risk and opportunity feeds (predictive analysis) on tiered supply chain
Vendor Management	Design and run self services vendor accreditation system	Combine accreditation with tender pre-qualification	One simple, legal access route to working with PCH

	0-18 months	18-36 months	36-60 months
Specification Management	Enable the organisation to write performance based specifications that can be easily competed for maximum commercial benefit	Maintain a specification library updated regularly on market knowledge and use in sourcing	Move entirely to performance and outcome specifications
	Use supplier engagement to review specifications in the light of new developments	Use supplier engagement to review specifications in the light of new developments	Use supplier engagement to review specifications in the light of new developments
Demand Management	Develop the intelligent client within PCH within major categories	Maintain intelligent client status	Maintain intelligent client status with predictive analytical ability for risk and benefit
	Advise on process changes which increase value for money	Advise on process changes which increase value for money	Advise on process changes which increase value for money
Strategic Sourcing	Develop and implement a strategic sourcing approach to determine best route to market	Develop and deploy a make/buy framework to assess the benefit of out/insourced services	
	Deploy cost breakdown models (swing / should costing) for quotation and tender evaluation	Add feedback loops to models (actuals) to refine	Add predictive performance analysis to models based on AI
	Advise on whole life costing models and deploy approach within the organisation	Add feedback loops to models (actuals) to refine	Add predictive performance analysis to models based on AI
Catalogue Management	Increase the number of easily accessible pre-negotiated catalogues for standard procurements	Punch out to supplier catalogues	Use blockchain for catalogue procurement
Negotiation	Develop and train in advanced negotiation skills for contract managers	Increase ability in interpersonal tools (e.g. NLP) for organisational benefit	Investigate AI negotiation potential
	Develop and train in basic negotiation skills for all personnel obtaining quotations/ placing ad-hoc orders	Increase ability in interpersonal tools (e.g. NLP) for organisational benefit	Investigate AI negotiation potential
Contract Management	Strengthen the organisation's contract management capability through training, tools, information	Implement complete contract lifecycle and performance management linked to risk and opportunities	Consider blockchain contracts potential
	Maintain and publish an up to date contract register		
	Develop and deploy a contract management system showing clear organisational CM KPIs		
Supplier Management	Manage suppliers by segmentation category.		Manage suppliers by predictive performance
	Increase organisational capability in Supplier Management (SRM / SM/ and SPM)	Apply Supplier Management best practice	Explore AI for supplier management
	Develop selected strategic suppliers to achieve additional benefits for PCH	Exploit Intellectual Property generated from supplier development	

	0-18 months	18-36 months	36-60 months
Risk Management	Develop and deploy an integrated supplier risk management system based on segmentation	Start predictive AI risk analysis to aid decision making	Use predictive analytics for risk/reward
	Articulate the risk / reward relationship where reward is determined by the supply category (e.g. utilities)	Investigate predictive analytics for risk and reward	
Social Value	Clearly articulate social value requirements in every tender	Supplier of the year / social value of the year awards in place	Social value integrated into blockchain – making it non reversible
	Ensure social value is measured and monitored through contract management process		
Maverick Spend	Map areas of maverick spend and engage with departments to control	Have clear contract variation procedures and tolerances in place to prevent maverick spend due to unforeseen reasons	Automate contract variation and authorisation processes, contract for scenarios.
Supply Chain process KPIs	Work up internal process KPIS and agree with user departments	Clear SLAs in place for performance and improvement	SLAs and performance externally benchmarked. Top quartile performance
Develop S/C Capability	PS – MCIPS Buyers CIPS Level 4 (via apprenticeship routes)	2 x Higher Level Supply Chain Apprentices	
	Consider some internal / CIPS qualification for administrative staff ordering / requesting quotes		
	Map Capability Gaps & Develop Training Needs Analysis		
S/C Innovation	Understand opportunities presented by technological innovation		
	Investigate block chain contracts for catalogue items	Trial block chain contracts for catalogue items	
	Investigate predictive analysis for risk management	Trial predictive analysis for risk management	
		Consider crowd sourcing for selected goods/services	Trial crowd sourcing for selected goods/ services
	Investigate RFID for all category A stock items	Trial RFID for all category A stock items (esp van stocks)	
		Investigate opportunities of additive technology (3D) printing for bespoke/ obsolete items	
			Investigate the benefits of self-driving pool cars/ vans circulating the city to reduce the size of the fleet needed
	Investigate benefits of Internet of Things sensors monitoring performance (e.g.boilers)	Trial performance sensors	Integrate performance sensor data into Supply Chain forecasts



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